

## LOW MARK POOLS

### JOSEPH M. TRADE

Manufacturers are Under to Outbid Other Nations Through Subsidies.

(This is another of Mr. Motterwell's series of articles on present-day conditions in Germany.)

BY HIRSH K. MODERWELL.

(Special Correspondence of The Star and Evening Post.)

BERLIN, Germany, May 14.—If an American goes to South America and tries to obtain a construction contract he will probably learn that a German firm has underbid him. If he goes to Tabriz and buys a pair of socks he will probably find a German trade mark on them. If he goes to Spain and tries to sell a typewriter he will almost certainly be told that such and such a German firm is already supplying excellent typewriters at a lower price and on more favorable credit conditions.

One of the strangest of all the economic paradoxes resulting from the war is this active prosperity of the vanquished in the face of the industrial depression of the victors. The Germans, deprived of some of their richest territory, of nearly all their shipping and practically all their wealth abroad, and laden with huge financial obligations, are prospering. The allies, recipients of stores, goods and ships and money, and of rich mandated colonies, are poor. When they reach out their hands to get their share of the fruits of the earth the helpless, vanquished stands in their way and says: "Beg pardon, but this belongs to me. When the 2,000,000 of unemployed in England, with its beggars mumping their pitiful crutches on the streets of London. When the 60 per cent of smokeless chimneys belonging to the blast furnaces which France has acquired in Lorraine. When the trade slump in America, with her millions of unemployed, and her inability to export to any one produce."

Depressed Mark.

What has played this trick on the victors? In the first instance, of course, the depreciated mark. The Germans, financially responsible, meet all their obligations without printing paper money, made a weapon of their burden, and more or less deliberately went on printing money in order to disturb the world economy to their advantage.

Still the victor held by the explanation that the mark itself is the problem, is false. Because the mark is worth only a sixteenth of its former value, it does no follow that Germany can produce for one-sixteenth of the former cost. What gives the German manufacturer an advantage in cheapness of production is not the low value of the mark, but its long-continued fall.

While the mark is falling and likely to fall farther, speculating foreigners will be shy of it, and will accept it at only a half or a third of its inland value. Or to look at it another way, when the mark falls, German prices rise less rapidly than in the rest of the world. In the low cost of German production—the difference between the inland and foreign value of the mark. Within this margin, broadly speaking, the German manufacturer undercuts his foreign rivals and makes his profit.

German prices constantly tend to approach world prices. The German manufacturer is not willing to sell at home more cheaply than he can sell abroad. And Germany must pay world prices for the things she imports, thus forcing up her domestic costs. If the world were stabilized (it makes absolutely no difference at what level) German prices would presently become approximately equal to foreign. But when fresh billions of dollars are poured into Germany, the mark must continue to sink, and foreigners will again discount against its bad prospects, and the price of goods will again fall behind.

Who Pays the Subsidy.

Still, the explanation looks "phony." The difference between \$15. of price of a pair of socks in Berlin, and \$5. the price of a similar suit of clothes in London is a difference in inland value, not in foreign value. The broad subsidy, represented by tricks of book-keeping in marks.

Of course, the truth is that the German manufacturer is subsidized to enable him to produce thus cheaply. Somebody is awarded; somebody pays part of his cost. It is usually without intending it, often without knowing it. The government subsidizes on railway rates, on the price of which the allies complained last year, are the least part of them. The railway subsidy covers a fraction of the cost of making and delivering. The broad subsidy represents only a part of the family budget. They cannot account for a reduction of 20 to 60 per cent in production costs.

Who then pays the rest, or rather, who subsidizes the manufacturer to put these values into his goods without cost to himself? First, the government, in the class to the extent to which it transfers a reduced standard of living to determine, but at a rough guess one might say that the manufacturer is enabled to cut 10 or 20 per cent in the value of his wage budget due to the workers' diminished consumption. He can cut a further considerable amount off the score of decreased rents, since the controlled rents enable his workmen to live in their old dwellings for perhaps a tenth of the real value they formerly paid for them. In this instance, it is the landlord who pays the subsidy, which it pays once more through the diminished cost of retail commodities due to low shop rents. Again, the manufacturer pays on his fixed indebtedness in depreciated money, and has, therefore, reduced his overhead. Here, it is the middle class of small investors which pays the subsidy.

German Efficiency? Again.

Finally it is probable that the manufacturer subsidizes himself out of his capital. His huge mark profits tempt him to think he can safely cut his price still further in a free foreign competition, and he does not always realize that he is cutting his profits too low, in real money, to replace his plant.

The remaining factor in the cheapness of German production is sheer efficiency. It is unquestionably important. Efficiency in the workman, efficiency in the factory, efficiency in industrial organization—all these work to eliminate waste in production.

It is the continued fall of the mark that puts these factors (except the last) into operation—or, in other words, that the victors are subsidizing the industrialists. But there is no magic in it. If you could persuade Americans to give up 20 per cent of their food and American real estate owners to give up nine-tenths of their rent and American bondholders to give up fifty-ninth of their interest and hand it all to big business, America could produce as cheaply as Germany.

HYATTSVILLE.

HYATTSVILLE, Md., June 24 (Special).—A tableau, "The Court of Flowers," in which Miss Margaret Gorman of Washington, beauty contest winner, will be queen of the festival of the building fund of St. Jerome's Catholic Church, fancy dancing by Miss Alicia Darnall and songs by Madeline Halloran, four-year-old daughter of Mr. and Mrs. John A. Halloran of Washington, will be among other attractions. The program will be under the direction of Mrs. Matthew F. Halloran, and Mrs. John Painter will be stage manager.

## NERVY MOVIE DIRECTOR SHOWS HIS ACTORS HOW TO DO DANGEROUS STUNTS.

Lambert Hillyer, athletic movie director, did not quite like the way an Indian actor did a fall from a cliff in a recent picture, so he proceeded to show the red man how it should be done. This photograph was snapped just after the director jumped. Had the photographer known that the net in which he was supposed to land was going to break, he would have trained his camera on that instead of Hillyer. The actor, who is a professional, got the idea of the scene and he was satisfied. Hillyer is known as the director "who doubles for his doubles." When the stunt men who replace the actors in dangerous scenes lose their nerve, Hillyer takes their place.



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## RUSSIA'S ADVANCE IN RAILWAY REFORM

Through Travel Resumed Between Moscow and Chita, Is Announcement.

By F. A. MACKENZIE.

(By Cable to The Star and the Chicago Daily News. Copyright, 1922.)

MOSCOW, June 19.—Russian railway reform reached its first stage last week when the through service between Moscow and Chita was resumed. The reform is under the direction of F. G. Dzerzhinsky, better known as the organizer of the cheka, Russia's political police, with which he was connected from the beginning until last December, when he left the tribunal to assume control of transportation. Dzerzhinsky, often described here as one of Russia's "great five," who direct her new policy, gave the writer an interview today upon his return.

Gentle, blue-eyed and idealistic, it is difficult to believe that this was Russia's most denounced bolshevik. He told me the story of the hard campaign for the betterment of the railways under almost impossible financial conditions and under the handicap of famine.

Cites the First Step Taken.

"Our first reform," he said, "was decentralization. In place of a central body directing everything the railways in the different areas were formed into local groups under the direction of local officials. The leaders of the basic industries. The next reform was improving the conditions of the personnel. Our workers suffered considerable hardships. Our outlays greatly exceeded our receipts. In the old days while the total transportation was only one-third, the income was increased by raising the freight rates and the central headquarters of the railway reduced from 2,500 to 2,000. The general railway workers after a cut of 26 per cent numbered 235,000 and the number will be 200,000. This enabled us to provide better for the actual workers. Corruption among employees was one of our problems. When transportation was free of charge it was very difficult to fight this abuse. Now that the system has been transferred back to a pay basis the problem is less difficult.

New Locomotives Bought.

"We bought 1,700 new locomotives. Of these 220 have been delivered, seventy coming

## "Traffic in Glands" Denounced As Violation of Laws of God

Special Dispatch to The Star.

MILWAUKEE, Wis., June 23.—A bitter attack on what is termed "traffic in glands" was made by Herbert C. Noonan, president of Marquette University, and one of the best known educators in the state. He denounced the practice as a violation of the moral law, not alone by the person who submits to the operation, but by the surgeon, who, for a fee, transplants the glands. His statement is expected to arouse discussion in the medical profession, because of the recent operation upon Harold F. McCormick of Chicago and his own standing as president of the largest medical school in the state and his professional life.

"Buying and selling human glands in an operation of transplanting is a grave violation of the moral law," he said. "The moral precept, 'Thou shalt not kill,' forbids not alone murder or suicide, but likewise mutilation of the human body. An organ or member may be amputated only when the good of the entire body demands it. In another instance, an operation involving the removal of a gland from one person and its transplantation into another is not lawful and constitutes a grave mutilation and one, which if not performed to save life, is another violation of the moral law.

"Even though a man give his consent to the removal of his glands so that they may be transplanted into another, that consent does not make the operation moral. A good intention does not change the fact that the removal of a gland is a violation of God's dominion over life and death. Such a gland operation is intrinsically wrong and a good intention does not transform vice into virtue. If it did every evil deed could be made virtuous. The operation itself, the intent and the circumstances all must be considered. If any of the three determinants of morality be bad the action becomes evil."

The principal involved is God's supreme dominion over human life. And of his glands for a consideration cannot be used as an argument that the operation is proper. Even the direct poverty would be no excuse to earn money in this manner.

Recently Dr. Noonan said to submit to the removal of such glands from their body take counsel with a moralist, such as a priest or a minister, and even though all the gold in the world were offered as an alluring bribe.

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## Economic Recognition of Russia Consensus of The Hague Session

By PAUL SCOTT MOWBR.

(By Cable to The Star and the Chicago Daily News. Copyright, 1922.)

THE HAGUE, June 24.—The policies of the western powers toward Russia seem to have evolved considerably since the close of the Genoa conference. At Genoa there were two points of view, both rather extreme. One view, represented by the French and supported by the United States, which, though absent, was ever felt, held that practically nothing could be done with the Russians until the soviet regime has fallen and the right of private property has been fully restored. The other, represented by the British and Italians, wanted to extend to Russia de jure recognition and full co-operation immediately, thereby following the example set by Germany.

The trouble with the second policy,

as pointed out by Edouard Benes, the premier of Czechoslovakia, is that it gives encouragement to communism, tends to delay Russian evolution and "increases the moral chaos of the working people."

First Policy Hindrance.

The trouble with the first policy is that it implies a sort of blockade of Russia, increases the distress of the Russian people and leads almost inevitably to new troubles and anarchy. Even so, if this policy of abstention could have hastened the downfall of bolshevism, might have been the best thing, provided Genoa had never opened negotiations with Russia. Now, however, practically every one agrees that to break off the negotiations already begun and renew Russia's isolation would be both imprudent and provocative and might lead to new wars in eastern Europe.

The French, on the one hand, have advanced from the negative attitude maintained at Genoa, the British, on

the other, have retreated somewhat from an overprecipitate advance. The whole British delegation here is simply content to compare the Russian situation with the German situation. Leslie Urquhart has insisted repeatedly that the British should wait until the bolsheviks modify their regime. Sir Philip Lloyd-Greame declares that the British needs the west more than the west needs Russia, supporting the statement with the fact that Great Britain's total pre-war foreign trade imports from Russia formed only 6 per cent of her exports to Russia only 3 1/2 per cent.

Reservation on Principle.

All the western powers apparently agree, therefore, that the proper policy at The Hague is one reserving questions of principle, such as that of de jure recognition, and offering Russia not political but economic collaboration, thus helping the Russian people and perhaps avoiding new outbreaks while assisting that evolution of the Russian system toward sounder principles which every one considers inevitable in the long run.

In the French view the question of credits is the most important and the basis of all the others. No credits, they argue, no solvency, no payment of damages and interest on loans; no property rights, no confidence, no foreign aid; no production, no Russian recovery.

Cherry Crop Valuable.

Special Dispatch to The Star.

FREDERICKSBURG, Va., June 24.—Alfred Lutz, a German-born American, Northumberland county, in the northern neck, shipped recently cherries gathered from his farm, the Farm, which sold for \$213.30, netting \$177.72.

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erty," but are willing, in effect, to reconstruction. The question of private property is delicate. It is understood that the Russians object to the word "property" but are willing, in effect, to recognize foreign property rights on "concessions," which seem to come practically to the same thing. The British and Belgians are disposed to make concessions to the Russians in the matter of words. The French still express doubts but suggest that rather than attempt a general agreement on property applying to the whole of Russia, a small region might be selected for an experiment to see how the compromise offered by the Russians actually works.

It is the common impression that even if the conference at The Hague fails other negotiations will ensue, perhaps general, perhaps individual, and that Russia's reintegration into the family of nations is now only a question of time and patience.

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